

## **KENTUCKY DEPARTMENT OF EDUCATION**

### **STAFF NOTE**

#### **Review Item:**

702 KAR 3:080, Treasurer's bond, penal sum

#### **Applicable Statute or Regulation:**

KRS 156.160

#### **History/Background:**

***Existing Policy.*** As a part of a review of existing operating procedures in the Division of School Finance, staff initiated a review of current regulations to ensure conformity with recently enacted statutory requirements and to determine if changes were needed to remain consistent with ever-improving business practices. Their review revealed that while 702 KAR 3:080 was generally satisfactory, a number of technical amendments could be made that would conform more closely to statutory authority, improve the level of business practice occurring in the state, and make the regulation more easily understandable to users.

#### **Policy Issue(s):**

A review of the regulation and a synopsis of the suggested revisions is provided in order to explain the nature of revisions being proposed.

**702 KAR 3:080. Fidelity bond, penal sum** – This regulation provides a table based on an exposure factor of 20% of current assets plus 10% of total revenue, a methodology recommended by the Finance and Administration Cabinet, Division of Risk Management. The regulation previously based the sum on the amount in custody of the treasurer during the bonding period. The remaining changes are primarily technical in nature. Based on recommendations from the Finance Officials Advisory Group (FOAG), the local board approval of the fidelity bond has been set in regulation for July 1 and submission of the information to KDE is required by July 31 each year.

#### **Staff Recommendation(s) and Rationale(s):**

Staff recommends the approval of the revisions to the regulation as presented. The revisions should ensure that correct statutory citations are included, make the regulation more easily readable and raise the level of business practice occurring throughout the state.

#### **Impact on Getting to Proficiency:**

Revisions to regulations that make them easier to work with and understand will assist finance staff in local school districts to perform their jobs more efficiently, which should result in increased time, energy and resources to provide the financial support for instructional activities that support getting to proficiency by 2014.

**Groups Consulted and Brief Summary of Responses:**

The regulation has been presented to the Finance Officials Advisory Group (FOAG) and Local Superintendents Advisory Council (LSAC). LSAC will provide input on the regulation following their June meeting.

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**Deputy Commissioner**

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**Commissioner of Education**

**Date:**

June 2008